

September 10, 2021

Ms. Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F St NE
Washington, DC 20549

Transmitted electronically

In regard to File Number SR-MSRB-2021-04

Dear Ms. Countryman,

The Bond Dealers of America (BDA) is pleased to comment on SEC Release 34-92677, "Notice of Filing of a Proposed Rule Change Consisting of Amendments to Rule G-10, on Investor and Municipal Advisory Client Education and Protection, and Rule G-48, on Transactions with Sophisticated Municipal Market Professionals, to Amend Certain Dealer Obligations" (the "Proposal"). BDA is the only DC-based organization exclusively representing the interests of securities dealers and banks focused on the US bond markets.

BDA supports the changes the MSRB has proposed to Rules G-10 and G-48 with one minor proposed modification discussed below. We believe the MSRB's proposed amendments would reduce the compliance burden on dealers without threatening investor protection. We urge the Commission to approve the MSRB's proposal.

The MSRB has proposed to amend the requirements for dealers to make annual information disclosures to customers. Rule G-10 requires dealers registered with the MSRB to make certain annual disclosures to customers, including the dealer's SEC and MSRB registration status, the MSRB's Web site address, and a brochure on how customers can register complaints of dealers. As we described in our letters to the MSRB in January on strategic goals and priorities and in June on the Proposal, the current version of the Rule places superfluous requirements on dealers because it requires disclosures specific to municipal securities to customers who have never owned and may never own a municipal bond.

Under the Proposal, disclosures would be targeted to investors who currently own municipal securities or who have transacted in municipal securities since the firm's last annual disclosure. It would also eliminate the requirement to send G-10 disclosures to Sophisticated Municipal Market Professionals as long as the disclosure information is available on the dealer's Web site. In addition it would streamline disclosure requirements by, for example, providing flexibility on the timing of annual disclosures. As we told the MSRB in June, "the proposed amendments to Rule G-10 would lower costs for dealers without sacrificing investor protection or transparency."

The rule is intended to increase the efficiency of disclosures by permitting clearing brokers to make disclosures on behalf of introducing brokers. However, as currently drafted the rule would relieve an introducing broker of its obligation to make the disclosures only if it is a party to “a carrying agreement in which the carrying dealer has agreed to comply” with the disclosure requirements. While it is quite likely that introducing and clearing brokers will agree to allocate responsibility for making the Rule G-10 disclosures, it is unlikely that this allocation of responsibility will be memorialized in a clearing agreement. Accordingly, we request that the language of paragraph (c) of the amended rule be modified to provide that a dealer “that is an introducing dealer and whose carrying dealer has agreed to comply with section (a)” of the rule is exempt from the requirements of the rule. This minor modification would provide allow dealers to claim the exemption without the burden of seeking an amendment to their clearing agreement to address this issue. In the absence of this modification, there would likely be a substantial number of duplicative disclosures sent by introducing firms and clearing firms.

BDA supports the Proposal, with the one minor modification discussed above, because it would reduce dealer costs and improve efficiencies without harming investors or the market. Investors who need to receive G-10 disclosures will continue receiving them on a timely basis, and customers who do not need the disclosures will no longer receive unnecessary documents. We urge the Commission to act quickly to approve the Proposal.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael Decker", written in a cursive style.

Michael Decker
Senior Vice President